

FINANCE

NEWSLETTER



SEPTEMBER - OCTOBER 2013

KENTUCKY DEPARTMENT OF EDUCATION

Dates to Remember:

September 30 – 2014 Working Budget due

October 1 – PSD/CSC submission due

October 1 – Marketplace Notice required by the Affordable Care Act must be provided to all employees

This Issue

Capital Funds Request (CFR)	2
SAAR Processing.....	2
PSD/CSD Submission	2
Federal Reimbursement EFT for School Boards	2
Affordable Care Act (ACA).....	3
Accounting Procedures for School Activity Funds.....	3
Program Codes 451 and 452.....	3
State-Run Vocational Schools.....	3
Nickel Fact.....	3
Indirect Cost Rates.....	4
Technology Leases Over \$100,000	4
New Error Check for Fund 310 and 320 for Audited AFR Balance Sheet Data Submission	4
Compulsory Attendance Project 12LX (SB 197 Compulsory Attendance – Drop Out Prevention)	4
Who Does What in the Division of District Support?	5
Staff Listing.....	5

FY 2014 Working Budget

In accordance with KRS 160.470(6) (b) and 702 KAR 3:110, Working Budgets are due at the Kentucky Department of Education (KDE) by Sept. 30. The Working Budgets will be submitted electronically. This Web submission application will be open for a limited time starting Sept. 15 and will allow only one

submission from each district. The link for submitting Working Budgets is <https://odss.education.ky.gov/webforms/>.

Please refer to KDE's Tentative & Working Budget Submission Guide at <http://education.ky.gov/districts/Documents/Tentative%20and%20Working%20Budget%20Submission%20Guide.doc>. This downloadable guide contains a listing of submission errors and note guide notification (edit checks) that KDE will use to analyze Working Budgets.

Districts need to correct all errors to successfully upload the Working Budget.

Please refer to the Working Budget Report (STW-GL-4) at [http://](http://education.ky.gov/districts/Documents/Working%20Budget%20Report%20STW-GL-4.docx)

education.ky.gov/districts/Documents/Working%20Budget%20Report%20STW%20GL%204.docx for MUNIS instructions for generating and submitting the Working Budgets. The instructions contain a list of possible errors that might occur during submission of the Working Budget. Common errors

when creating the Working Budget files in MUNIS include:

- Transfers in must agree to transfers out.
- Budgets must balance for each fund.
- Start and actual completion dates of projects must be entered.

Instructions and frequently asked questions documents can be found at <http://education.ky.gov/districts/Pages/MUNIS-Guides.aspx>.

If you have any questions relating to Working Budgets, please send an e-mail to [finance.reports@](mailto:finance.reports@education.ky.gov)

education.ky.gov. The subject line should state Working Budget – (insert district name), and a KDE representative will ensure that you get a response within 24 hours.

Test Environment is ready for Working Budget Submission

Beginning Sept. 3, the test environment will be open and available throughout the month. When district staff goes to the regular submission site, there will be a check box on the first page that says "Submit as a Test?"

Selecting this checkbox will NOT submit their Working Budget to KDE but will let districts test their submission to see what errors and notes they get. Test submissions will not be retained in the database. Districts will get a confirmation screen and e-mail that indicates that it was a test ONLY and KDE did not receive it.

To submit the actual Working Budget, do not check the test box.

Capital Funds Request (CFR)

The FY2014 Capital Funds Request (CFR) form, instructions and guidelines are available at <http://education.ky.gov/districts/FinRept/Pages/Capital-Funds-Request.aspx>.

The CFR documents have been revised. The instructions and guidelines changes are reflected in **red** type. The CFR form is highlighted to indicate the required sections, and less information is required in the Schedule A section. Some CFR guideline reminders are:

The CFR form and supporting documents must be submitted by e-mail to Denise Hartsfield at denise.hartsfield@education.ky.gov in the Kentucky Department of Education's Division of District Support.

A copy of the Debt Service Schedule must be submitted with the initial CFR request. The Debt Service Schedule must reflect the principal, interest, federal rebates, other debt service reimbursements and the net amount

for FY 2014 in separate columns on the schedule. This information should be obtained directly from the district's fiscal agent.

Districts using the School Facilities Construction Commission (SFCC) escrowed funds from odd-numbered years must submit a copy of the approval from the SFCC to use such funds with the CFR request.

Districts whose CFR expenditures are related to construction or renovation projects not on the district's facilities plan must submit a Project Application Form (BG-1) to the District Facilities Branch concurrently with the CFR.

Please forward CFR questions relating to the facilities review to Tim Lucas at tim.lucas@education.ky.gov and questions relating to the financial review to Ken Smith at ken.smith@education.ky.gov or Debbie Landrum at Deborah.Landrum@education.ky.gov or (502) 564-3846.

SAAR Processing Change

Due to recent feedback from school finance officers requesting information on the [Superintendent's Annual Attendance Report](#) (SAAR) processing, a new field will be placed on the submission website for the Growth Factor Report, January Growth Factor Report and SAAR.

Currently, the names of the superintendent and director of pupil personnel are requested during the submission process. Beginning with the 2013-14 Growth Factor Report this fall, the name of the finance officer also will be required to en-

able submission. KDE will e-mail the report to the finance officer. If the district wishes for the reports to be e-mailed to any other individual at the district, please include their name in the "Comments" section on the submission website.

For more information please contact Steve Young at (502) 564-5279, ext. 4423, or steve.young@education.ky.gov.

Updated SAAR information is available at [http://education.ky.gov/districts/enrol/Pages/Superintendent's-Annual-Attendance-Report-\(SAAR\).aspx](http://education.ky.gov/districts/enrol/Pages/Superintendent's-Annual-Attendance-Report-(SAAR).aspx).

PSD/CSD Submission Due by Oct. 1

Professional Staff Data/ Classified Staff Data (PSD/CSD) will be submitted electronically at <https://odss.education.ky.gov/webforms/>. The window will open Sept. 15 and close Oct. 1.

If you have questions related to PSD/CSDs, please contact the Division of District Support by sending an e-mail to finance.reports@education.ky.gov. The subject line should read **PSD/CSD - (insert district name)**. The submission guide can be found at <http://education.ky.gov/districts/FinRept/Documents/PSD%20CSD%20Error%20and%20Note%20Correction%20Guide%20for%20Salary%20Table%20and%20PSD%20CSD%20Download%20Files%20Sept%202012.doc>.

Federal Reimbursement Electronic Funds Transfer for School Boards

The Kentucky Department of Education **strongly recommends** that all districts send payments for the federal reimbursement of health benefits by electronic funds transfer (EFT).

If your district **does not** send federal reimbursement payments by EFT, please follow these steps to register to begin using EFT to KDE:

- A primary user and two backups will need to register with Kentucky.gov at <https://secure.kentucky.gov/portal/registration.aspx> to obtain a user ID.
- Complete the [EFT Authorization Form](#). Type in the district name in the green cell. Fill in the contact information, local banking information, and name and user ID for each user who created an account with Kentucky.gov. All applications should be marked as "New Enrollment."
- Please complete the EFT Authorization form and return via e-mail to Donald Sweasy in the Finance Controller's Office at donald.sweasy@ky.gov or by fax at (502) 564-6597.

Once access is granted to the application by the Finance Controller's Office, use the following instructions to process payments: <http://education.ky.gov/districts/finrept/documents/obp%20fihb%20gov%20ach%20pay%20guideform.pdf>

Please contact one of the following individuals in the Finance Controller's Office with questions:

Bethany Crockett
Bethany.Crockett@ky.gov
Phone: (502) 564-6690

Patricia Boler
Patricia.Boler@ky.gov
Phone: (502) 564-1449

Donald Sweasy
Donald.Sweasy@ky.gov
Phone: (502) 564-8632

Affordable Care Act (ACA) Work Group Formed

The Affordable Care Act (ACA) was signed into law March 23, 2010, and consists of sweeping changes to the U.S. health care system. While some provisions have already been implemented, the major component for mandated health care will become effective Jan. 1, 2015.

This “play or pay” mandate requires large employers to offer full-time employees the opportunity to enroll in employer-sponsored health plans or risk paying substantial penalties.

KDE has formed a work group to assist districts and provide guidance necessary to begin preparing for these upcoming changes.

Members of the work group are:

- Susan Barkley, KDE
- Melissa Sullivan, KDE
- Leigh Burke, Whitley County Board of Education (BOE)
- Connie Blevins, Knox County BOE
- Matt Robbins, Daviess County BOE
- Ernie Sharp, Fairview Independent
- Becky Sewell, Jessamine County BOE
- Michele Nelson, McCracken County BOE
- Michael Moreland, Breckinridge County BOE
- Jan Johnston, Pendleton County BOE
- Joel McKenzie, American Fidelity
- Sheila Miller, KIDS
- Brian Pelletier, Tyler Technologies

As a result of the first work session the group offers the following recommendations:

Ensure the required marketplace notice is disseminated to all employees by Oct. 1, 2013. A sample notice is avail-

able on the KDE website at <http://education.ky.gov/districts/FinRept/Pages/Health-and-Life-Insurance-Benefits-and-Flexible-Spending-Accounts.aspx>.

Each district will need to know who is eligible, based on ACA, to receive health insurance. Consider using the measurement period of Oct. 1, 2013, to Sept. 30, 2014, so a full 12-month period may be used to determine eligibility, based on ACA, in time for open enrollment next year.

Implement a method for tracking actual hours worked by all variable hour employees, including substitutes and coaches, through the measurement period (recommended: Oct. 1, 2013).

The ACA requires employers to attribute eight hours for each day worked to the eligibility calculation for variable hour employees unless the employer tracks the actual hours worked. Therefore, it is advantageous for districts to use time sheets or some other mechanism to document actual hours.

Consider budget implications and possible cost-control measures.

Become educated. There are resources available on the KDE website at <http://education.ky.gov/districts/FinRept/Pages/Health-and-Life-Insurance-Benefits-and-Flexible-Spending-Accounts.aspx>.

The work group will develop a *Kentucky School District Guide to the Affordable Care Act*. The estimated publication date for this document is Oct. 1.

There also will be two sessions offered at the Fall Kentucky Association of School Business Officials (KASBO) Conference concerning ACA issues. Districts also are encouraged to attend their regional co-op meetings in which ACA is discussed.

Please contact a member of the work group if you have questions or concerns.

Program Codes 451 and 452

New regulations require expenditures for alternative education programs to be tracked in MUNIS. Program codes 451 (alternative education) and 452 (at risk) are available for this purpose. **Please do not use program code 450 as a catch-all.** There may be instances when an expenditure has characteristics of two program codes, such as alternative education and special education. If this occurs, use the program code for the federal characteristic to ensure all financial data for federal programs is as accurate as possible.

Nickel Fact Updated

An updated [Nickel Fact](#) has been posted to KDE's website to help districts understand “tax nickels.” The document outlines the types of “tax nickels” historically adopted by districts and how “tax nickels” are calculated.

If further assistance is needed regarding “tax nickels” please contact Chay Ritter at chay.ritter@education.ky.gov or Sarah Aitken at sarah.aitken@education.ky.gov or (502) 564-3846.

Accounting Procedures for School Activity Funds

The FY2014 Redbook *Frequently Asked Questions* on the Accounting Procedures for School Activity Funds Web page at <http://education.ky.gov/districts/FinRept/Pages/Accounting-Procedures-for-School-Activity-Funds.aspx> will be revised throughout FY2014 as the Kentucky Department Education receives and addresses districts' and other entities' questions or inquiries. KDE strongly encourages districts to routinely review the FY2014 Redbook

State-Run Vocational Schools

Districts with state-run vocational schools who receive the 20 percent SEEK Funds (702 KAR 1:130 Section 2) will receive a Statement of Assurances for superintendent signature. Payment of these funds will not be released until these assurances are submitted to KDE.

Indirect Cost Rates

Please click <https://odss.education.ky.gov/web-forms/odssreport.aspx?FormType=IndirectCosts> to access your district's indirect cost calculations for FY 2014. The method used to calculate indirect costs is called the "predetermined" method, which requires a 10 percent reduction in the rate to allow for changes and fluctuations from year to year. The calculation is performed electronically using numbers reflected in your district's Annual Financial Report (2012).

Each local board of education is encouraged to approve the rates prior to Oct. 1, the start of the federal fiscal year. If the indirect cost rate is not approved by Oct. 1, the district cannot apply the rate at a later time during the fiscal year.

The non-restricted indirect cost rate is for use with food service, and the restricted indirect cost rate is for use with grants. Since indirect cost rates are calculated for use with federal programs, the federal fiscal year should be used. Please use the current 2013 rate through September 2013, and then use the new rates for FY 2014 starting October 2013. Both the non-restricted and restricted indirect cost rates can be viewed by selecting the district and scrolling to the bottom of the report at <http://education.ky.gov/districts/FinRept/Pages/Fund-Balances-and-Receipts-and-Expenditures%20and%20COA.aspx>.

To obtain the details for how the indirect cost rates were calculated for your district, follow the link and select your district. The 2014 rates are based on the Audited Annual Finance Reports for 2012. The non-restricted rate is used with food service and is applied against only the total salary and benefits for each month.

The restricted indirect cost rate is used for grants subject to the "supplement not supplant" requirement and only to the extent that indirect cost is an allowable expenditure for the grant. The rate is multiplied by the actual direct expenditures under the grant award (not only salary and benefits).

For questions concerning the indirect cost rates, please contact Susan Barkley at (502)564-3930 or susan.barkley@education.ky.gov.

More information (document and video formats) regarding the calculation and application of indirect cost rates in Kentucky is included in *Indirect Cost Guidelines 2013-14* at <http://education.ky.gov/districts/FinRept/Pages/Fund-Balances-and-Receipts-and-Expenditures%20and%20COA.aspx>.

To learn more about indirect costs from the federal level, go to <http://www2.ed.gov/about/offices/list/ocfo/intro.html>.

Update guidelines can be found at <http://education.ky.gov/districts/FinRept/Documents/Indirect%20Cost%20Guidelines%202013-2014.doc>.

New Error Check for Fund 310 and 320 for Audited AFR Balance Sheet Data

(KDE) calculates the Local Available Revenue. Beginning with the audited 2013 annual financial report balance sheets (AFR BS) and for each data collection from this point forward, KDE will check balance sheet object codes reported at year end in funds 310 and fund 320.

On pages 31-32 of the [BGL-2 Fiscal Year End Processing](#) guide, the following statements are provided:

At the end of an odd-numbered year, funds may be shown in only three accounts: 8734 SFCC Escrow – Prior Offer, 8735 Future Construction Projects (BG-1), or 8738 SFCC Escrow –Current Offer. (pg. 31)

At the end of an even-numbered year, funds may be shown in only four accounts: 8734 SFCC Escrow – Prior Offer, 8735 Future Construction Projects (BG-1), 8737 Restricted Other, or 8738 SFCC Escrow –Current Offer. (pg. 32)

According to Appendix C, rarely would 8723 Non Spendable Prepaids or 8727 Non Spendable Other be in fund 310 or fund 320. However, they may, so these two codes will be allowed as well.

Our system will check fund 310 and 320 to assure compliance at year end with the coding stated in the *BGL-2 Fiscal Year End Processing* guide. If any other codes are reported in these funds where balances are not equal to zero, your AFR data file will not be allowed to be submitted until it is corrected.

Technology Leases Over \$100,000

The *Technology Leases Over \$100,000 Checklist* has been revised and is at [http://education.ky.gov/districts/FinRept/Pages/Technology-Leases-Over-\\$100,000.aspx](http://education.ky.gov/districts/FinRept/Pages/Technology-Leases-Over-$100,000.aspx). Please submit the completed technology lease checklist along with the district's proposed technology lease agreement and other required documents by e-mail to Jeffrey Coulter (jeffrey.coulter@education.ky.gov) and copy Denise Hartsfield (denise.hartsfield@education.ky.gov) at the Kentucky Department of Education, Division of District Support. Please forward technology lease questions to Jeffrey Coulter at the email address mentioned previously or 502-564-3846, extension 4459.

Compulsory Attendance Project 12LX (SB 197 Compulsory Attendance – Drop Out Prevention)

A new project code has been created for the \$10,000 Compulsory Attendance grants: project code 12LX. The X would convert to the year of funding and should be recorded in fund 2.

Several districts have asked KDE for guidance relating to allowable ORG codes for this grant. The ORGs would be defined by the assurances provided in the district application submitted to KDE. Since districts were approved on their individual applications for varying expenditure object codes, there may not be a group of consistent ORGs that we can provide as a guide. Please review the district's assurances to determine which ORGs would apply to your district. If you need assistance creating additional ORGs, please contact Karen Conway at karen.conway@education.ky.gov or Carol Buell at carol.buell@education.ky.gov.

Who Does What in the Division of District Support?

The Kentucky Department of Education's Division of District Support (DDS) has a new VOIP phone system. The division's telephone numbers have not changed, excluding the (502) 564-4403 telephone number that is no longer active. DDS personnel may be reached at the telephone and extension numbers listed in the *Who Does What In DDS* document at <http://education.ky.gov/districts/FinRept/Pages/Finance%20Officer%20Training,%20Insurance%20Guidelines,%20Key%20Financial%20Indicators,%20Financial%20Management%20Calendar,%20Finance%20Newsletter.aspx>. Please dial the 10-digit telephone number and then enter the extension as soon as the automated system answers to contact a specific staff member.

KDE Office of Administration and Support

Associate Commissioner Hiren Desai

Division of District Support Services

Director Kay Kennedy, Assistant Director Susan Barkley

Facilities

Greg Dunbar

(502) 564-3846

FirstName.LastName@education.ky.gov

District Funding and Reporting

Chay Ritter – Manager

Staff

Karen Conway

Carol Buell

Sarah Aitken

Debra Vaughan

Jana Cox

Renee Thomas

District Financial Management

LaTonya Bell – Manager

Staff

Ken Smith

Jeffrey Coulter

Gail Cox

Debbie Landrum

Brenda Withrow

Melissa Sullivan